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Japan

OILSEEDS

Annual Report

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Report Highlights:

In a year which some countries placed export restriction of agricultural commodities, the United States remained as an important and stable supplier of soybeans to Japan in CY2008 . The Japanese oilseed industry faced a very difficult time in 2008 due to the hike in commodity prices and fleet costs as the country produces a small proportion of its edible oil, approximately 6% of soybean and 0% of canola. The United States provided 2.7 mmt, 71% of soybean supply. Brazil, Canada and China supplied 0.56, 0.33 and 0.09 mmt, respectively. Currently, the economic downturn is preventing the food industry in general from passing on high production costs to consumers.

Commodities:

Oilseed, Soybean
Oilseed, Rapeseed
Meal, Soybean
Meal, Rapeseed
Oil, Soybean
Oil, Rapeseed
Oilseed, Sunflowerseed
Meal, Fish

Production:

According to the Ministry of Agriculture (MAFF), Japan's food self sufficiency rate has been on the decline for the past five decades and rests at 40% on a calorie basis. Soybean is no exception; Japan's self sufficiency has been between a mere 2 and 5% for past two decades. In 2007-08, due to the commodity price hike and export restrictions on grains in other country, media and the public officials were increasingly promoting domestic production. Imported and domestic food safety incidents, such as "tainted rice", were extensively covered by the media and gave favor to domestic production which is accepted as safer by the general public. Governmental promotion to increase domestic production from its current mandate of 45% by 2015 up to 50% on calorie base assisted the mood as such. Due to the conditions above and MAFF's effort to divert rice production to alternate crops, soybean planted area increased to 147,100 ha in CY2008 from 81,800 ha in 1996. However, it still supplies only 5.9% of what Japan needs. Considering various factors for Japanese soy production, including limited farm land, small farming units, climate, the advanced age of Japanese farmers (averaging 64), aging society and population decrease, it will be challenging to meet such goals, especially in grains and oilseeds, and to maintain it in a sustainable manner. There is only marginal production of canola in Japan.

Soybean and canola meal are extensively produced as ingredients for formulated feed (soy and canola meal) and fertilizer (canola meal) in Japan. Consumption has leveled off around 4 mmt and remains fairly stable though it could be affected by the number and the activity of crushing facilities. As domestic meal is produced from crushing soybeans, which are mostly imported, the amount of production would depend on import supply and the demands of formulated feed. The livestock population is fairly stable (with the exception of dairy cows). However considering Japan's agricultural demographics, feed consumption may slowly decline in the long term due to the aged and relatively small scale growers and competitive price of cheaper imports.

Soybean oil crush in CY2008 decreased to 2.8 mmt from approximately 3mmt in CY2007 and down from roughly 4mmt in CY2002. MAFF surveys oil crushing capacity every other year. Due to shrinking profitability, the number of crushers has been declining gradually over the years as companies consolidate. For example, there were 117 crushing factories in CY1990. Both annual crushing capacity and actual production of oil decreased to 8.8 and 5.9 mmt in CY2007, compared with 8.9 and 6.0 mmt in CY2005. Canola oil production has been stable over 10 years. This would be the mixed results of high commodity and crude oil prices, consumption reduction due to consumers' preference of health-oriented food, and others. At the same time, consumers in general seem to prefer canola oil over soybean oil because of its health benefits.

Consumption:

Soybeans and canola are the two major oilseeds consumed in Japan. In 2008, total soybean consumption decreased 6 percent from 2007, to 3.95 mmt. About 71 percent (2.80 mmt) of total demand for soybeans was for oil use, 26 percent (1.04 mmt) was for food use, and the remaining 3 percent (114,000 mt) was for feed use. Food soybeans are used for tofu (soybean curd), miso (fermented soybean paste), natto (fermented whole beans), boiled soybeans, soy sauce, and processed food.

Recent economic instability, high commodity prices during 2007-08 and the more recent, global financial crisis, have affected all sectors in Japan. The financial crisis threw has caused anxiety among consumers and made them very conservative on spending. The add-on effects are evident, particularly among tofu and natto producers. A significant proportion of tofu and natto manufactures are family-operated or relatively small scale companies. Many of them were hesitant to reflect their higher production costs during the spike in commodity prices (note: they also pay a premium for identity-preserved beans). The global fanatical crisis is hitting them even harder. In the case of canola, all canola seed is crushed for oil and meal consumption.

Eighty-seven percent of soybean meal is also used as feed. In CY2008, the financial situation hit small scale livestock farmers hard. Approximately two thirds of Japanese farmers are over 60 years old, and many of them are relatively small scale producers. This may indicate that Japanese meal consumption for feed will decrease slowly but significantly in the long term, unless the Government of Japan (GOJ) succeeds in the revitalization Japanese farming society. Soymeal demands decreased in the later half of CY2008, substituted by relatively cheaper canola meal. Canola meal is used extensively as feed but also as fertilizer. Therefore, its consumption depends also on the activity of domestic agriculture, similarly but also competing with soybean meal.

Food oil consumption in CY2008 decreased 1.5% compared with CY2007 yet total sales increased approximately 20%, exceeding 110 trillion yen from 94 trillion yen in 2007. Overall food oil consumption has been decreasing and within that soybean oil lost share to canola oil. The industry has been reluctant to reflect high commodity prices and running costs onto product prices, however, it decided to increase prices in CY2008, which resulted in a total sales increase. At the same time, under the global financial crisis, as consumers are cooking more at home than eating out it has helped to buoy household consumption of food oil.

The GOJ campaign to fight “metabolic syndrome” and increase awareness of the condition (loosely defined as a combination of factors such as being overweight that increase the risk of cardiovascular disease and diabetes) has been picked up by various media, which may increase consumer awareness. Canola oil maintained its consumption with a help of its healthier image, taking share from soybean oil. However, some analysts predict trends will shift toward cheaper oils in CY2009, such as tropical oils (e.g. palm oil), therefore, the demand for canola oil may decrease depending on its price. In fact, tropical oil, such as coconut, palm kernel or palm oil, were relatively cheap in CY2008 and increased its consumption.

Trade:

Japan’s soybean imports in CY2008 were approximately 3.6 mmt, down from 3.9 mmt in CY2007. The value of imports, however, increased to 2,359 million USD in CY2008 from 1,664 million USD in CY2007. The United States supplied 2.7 mmt of soybean in 2008, a significant drop from 3.3 mmt in 2007, but still enough to capture 71 percent of the import market. Though the amount supplied dropped in 2008, the value of the trade with the U.S. increased to 1,711 million US in 2008 from 1,300 million USD in 2007. Other major suppliers are Brazil and Canada. Canada’s supply is almost 100% non-biotech soybean for food consumption. Total imports of soybeans for CY2009 are forecast around 3.9 mmt, a reversal of the downward soybean import trend. The CIF import price of soybeans in CY2008 jumped to \$636/mt from \$400/mt in CY2007 and \$317/mt in CY2006. The unit price peaked at \$701/mt in September of 2008, but has moderated to \$461/mt as of February 2009.

The GOJ has implemented mandatory labeling for selected foods derived from biotechnology. As the Japanese food industry, except oil and a some soy sauce, remains entrenched in its policy of using only non-biotech ingredients while the U.S. biotech crop expands they are facing increasingly difficulty sourcing non-biotech soybeans. As non-biotech soybeans are

becoming less lucrative and for U.S. growers, industry has been looking for alternative supplies, including current exporting countries such as Canada, Brazil and other new comers such as Ukraine. However, the amount and potential of growth in emerging exporters to Japan seem limited due to complex factors such as soybean quality, productivity, geographic location and competition with other importers.

Canada increased its dominant position as a rapeseed supplier to Japan, providing 88% in CY2008. Canada and Australia are the only suppliers and Post expects little change for 2009. The price trend for rapeseeds was similar to that of soybeans. The average price increased to \$675/mt in CY2008 from \$446 in CY2007 and \$313 in CY2006.

Japan's soy meal import in CY2008 was on par with CY2007, 1.7 mmt, however the value increased to USD 860 million from USD 550 million due to higher commodity prices. In the early 2000s, soybean meal imports from China almost doubled to a level of 500,000 to 600,000 tons because of China's increased crushing capacity, along with shorter transportation time, lower prices, and the ability to purchase smaller lots, which allow for direct shipments to local ports in Japan. However since CY2006, the top exporter of soy meal to Japan has been India, supplying 902,711 MT, 443 million USD in CY2008. Chinese exports in CY2008 were 289,423 MT (152 million USD), almost a half of CY2007. The U.S. took a share of 453,246 MT (244 million USD), the second largest supplier.

Imports of soybean and canola oils have traditionally been very small as Japan meets most of its demand with domestic crushing. However due to the decreasing trend of domestic crushing capacity, the demand for soy oil imports may change in the future.

Stocks:

Soybean ending stocks in CY2008 decreased to 179,000 mt from 250,000 mt in 2007, partially due to the release of stocks under tight market conditions. For JFY2009, MAFF decided to double stocks of non-biotech soybeans. The amount non-biotech soybeans in stock for JFY2009 is still 7,200 mt, worth 17-days consumption of non-biotech (i.e. 'food') soybean. MAFF plans to make all soybean stocks, 31,000 mt as non-biotech by JFY2009. The budget for CFY2009 is 291 million yen.

Policy:

As a part of its 'food security' push, MAFF produced a package to stimulate domestic agricultural production. Also, some lawmakers are actively advocating that Japan increase soybean production. (For further information on GOJ's effort to increase self sufficiency rate, please see GAIN JA8069 "MAFF Embarks Upon a \$17 Million PR Campaign to Promote Self-

sufficiency”) MAFF launched the program ‘Soybean 300A’ in 2002 and has been aiming to achieve a stable yield of 3 mt/ha in Japan. The program focuses on seeding and non-tillage technology suitable for the Japanese climate and geography. However, the difference between the goal and the current status (1.78 mt/ha in 2008) is significant.

Until recently, the demand for domestic beans in the food industry was not very robust due to their expense and poor quality, even though there has been a relatively adequate supply of domestic soybeans. However, the situation has changed recently with speculation that U.S. soybean supplies would be limited with reduced soybean planting in the United States, especially under the influence of increasing corn demand and proportion of biotech soybean. The Japanese food industry is increasingly concerned about the availability of non-biotech soybeans, so this could be a motivating factor to increase domestic soybean production for food use. Also, recent scandals, e.g. "tainted rice", and other imported foods, mostly fresh produce, gave another layer of distorted perspective to consumers that domestically grown agricultural products are safer than imported. (For further information on the tainted rice scandal, please see GAIN JA8056 “MAFF Faces "Tainted Rice" Scandal”)

On April 1, 2007 MAFF enacted a new farm subsidy program that departs from the previous commodity-specific support given to practically all farmers and calls for direct payments targeting larger scale farmers on a cross-commodity basis. Soybeans are one of the “targeted farm products” under this plan. The payments are comprised of two components: a payment based on the acreage during the base period (2004-2006) and a payment based on the current year’s production volume and quality. Despite the intentions of this plan to encourage consolidation and more effective production, soybean acreage has declined over the past five years. (For further information on the new policy direction please see GAIN JA5068: "Japan Embarks on a Drastic Change in its Farm Subsidy Scheme, November 22, 2005, and Appendix of GAIN JA8012: “Grain and Feed Annual, March 3, 2008).

The GOJ is attempting to use the global financial crisis to bring workers to the agricultural sector by recruiting those unemployed during the worst recession in Japan since World War II. MAFF and the Ministry of Health Labor and Welfare (MHLW) are coordinating with each other to promote employment in the agricultural sector. On February 18, 2009, MHLW and MAFF set up ‘the Council for expansion of job opportunities in Agriculture, Forestry and Fisheries’. On the same day, MAFF set ‘the Office for the Promotion of Agriculture, Forestry and Fishery Employment’. Subsidies for various programs, such as agricultural interns, were prepared. The reality

and hard work of agricultural business makes it difficult to keep them settled in farming, however.

Marketing:

A priority issue for the Japanese soybean food industry in recent years is a stable supply, in price and quantity, of non-biotech soybeans. All soybeans produced in Japan are non-biotech but these supply only 21% of food consumption. Furthermore, the increase of domestic production may not be quite so promising. Even if domestic production increases, the difference of amount supplied by domestic (222,000 mt in CY2006) and import (1,046,000 mt) would remain large. Hence soyfood manufactures and industry associations attempt to find more suppliers of non-biotech soybeans in other countries such as South America, Australia or even Ukraine, though the supply was small. It is worth noting that soybeans supplied from Canada to Japan are almost 100 % non-biotech. On the other hand, there have been small signs that the Japanese food industry might be close to the point of reassessing and comparing the advantages and disadvantages of accepting or not accepting biotechnology. Soybeans for crushing, on the other hand, are mostly biotech and Japan will remain reliant on imports for its supply.

For both food and crushing, the second generation of biotech soybeans, such as those containing omega-3-fatty acid, low linoleic acid, and so on, could play an important role in convincing the Japanese market to accept biotech crops. As Japanese consumers are interested in health-oriented foods while also considered to be negative to biotech crops, the acceptance of a biotech soybean with direct consumer benefit may need a specific approach for marketing.

While the consumption of food oil in general tends to decrease, canola oil used its healthy image to maintain its consumption and has become a strong competitor to soybean oil. The food industry has been experimenting with different marketing techniques to maintain or to expand the market. For example, a manufacture released canola oil which cuts calories to half of conventional canola oil. Or some makers released a new brand of canola oil with better flavor. Also, to make price increases less obvious some manufactures decreased their container size in order to maintain their previous price.

Production, Supply and Demand Data Statistics:

Oilseed, Soybean Japan	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan
		Data		Data		Data

Area Planted	145	145	145	147			147
Area Harvested	138	138	138	138			138
Beginning Stocks	265	265	286	286			270
Production	225	225	225	225			225
MY Imports	4,014	4,014	4,000	4,014			4,014
MY Imp. from U.S.	3,175	3,175	3,175	2,977			2,977
MY Imp. from EU	0	0	0	0			0
Total Supply	4,504	4,504	4,511	4,525			4,509
MY Exports	0	0	0	0			0
MY Exp. to EU	0	0	0	0			0
Crush	2,890	2,890	2,840	2,840			2,840
Food Use Dom. Cons.	978	978	1,055	1,055			1,055
Feed Waste Dom. Cons.	350	350	360	360			360
Total Dom. Cons.	4,218	4,218	4,255	4,255			4,255
Ending Stocks	286	286	256	270			254
Total Distribution	4,504	4,504	4,511	4,525			4,509
CY Imports	4,100	4,100	4,100	4,241			3,638
CY Imp. from U.S.	3,200	3,200	3,175	3,932			2,729
CY Exports	0	0	0	0			0
CY Exp. to U.S.	0	0	0	0			0
TS=TD		0		0			0

Oilseed, Rapeseed Japan	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan
		Data		Data		Data
Area Planted	0	0	0	0		0
Area Harvested	1	1	1	0		0
Beginning Stocks	132	132	140	140		132
Production	1	1	1	0		0
MY Imports	2,257	2,257	2,350	2,251		2,251
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	2,390	2,390	2,491	2,391		2,383
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	2,245	2,245	2,350	2,254		2,254
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	5	5	5	5		5
Total Dom. Cons.	2,250	2,250	2,355	2,259		2,259

Ending Stocks	140	140	136	132			124
Total Distribution	2,390	2,390	2,491	2,391			2,383
CY Imports	22,500	2,250	2,350	2,521			2,521
CY Imp. from U.S.	0	0	0	0			0
CY Exports	0	0	0	0			0
CY Exp. to U.S.	0	0	0	0			0
TS=TD		0		0			0

Meal, Soybean Japan	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan
		Data		Data		Data
Crush	2,890	2,890	2,840	2,840		2,840
Extr. Rate, 999.9999	1.	0.7779	1.	0.7746		0.7746
Beginning Stocks	193	193	181	181		170
Production	2,248	2,248	2,209	2,200		2,200
MY Imports	1,747	1,738	1,760	1,750		1,750
MY Imp. from U.S.	525	446	525	522		522
MY Imp. from EU	0	0	0	0		0
Total Supply	4,188	4,179	4,150	4,131		4,120
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	330	330	330	330		330
Food Use Dom. Cons.	167	160	167	160		160
Feed Waste Dom. Cons.	3,510	3,508	3,479	3,471		3,460
Total Dom. Cons.	4,007	3,998	3,976	3,961		3,950
Ending Stocks	181	181	174	170		170
Total Distribution	4,188	4,179	4,150	4,131		4,120
CY Imports	1,745	1,745	1,760	1,682		1,690
CY Imp. from U.S.	520	520	525	552		552
CY Exports	0	0	0	0		0
CY Exp. to U.S.	0	0	0	0		0
SME	4,007	3,998	3,976	3,961		3,950
TS=TD		0		0		0

Meal, Rapeseed Japan	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan
		Data		Data		Data

Crush	2,245	2,245	2,350	2,350			2,350
Extr. Rate, 999.9999	1.	0.5679	1.	0.5366			0.5234
Beginning Stocks	29	29	26	26			57
Production	1,275	1,275	1,334	1,261			1,230
MY Imports	29	29	33	18			18
MY Imp. from U.S.	0	0	0	0			0
MY Imp. from EU	0	0	0	0			0
Total Supply	1,333	1,333	1,393	1,305			1,305
MY Exports	0	0	0	0			0
MY Exp. to EU	0	0	0	0			0
Industrial Dom. Cons.	430	430	435	335			350
Food Use Dom. Cons.	0	0	0	0			0
Feed Waste Dom. Cons.	877	877	910	913			898
Total Dom. Cons.	1,307	1,307	1,345	1,248			1,248
Ending Stocks	26	26	48	57			57
Total Distribution	1,333	1,333	1,393	1,305			1,305
CY Imports	20	20	30	18			20
CY Imp. from U.S.	0	0	0	0			0
CY Exports	0	0	0	23			0
CY Exp. to U.S.	0	0	0	0			0
SME	930	930	957	888			888
TS=TD		0		0			0

Meal, Fish Japan	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan
		Data		Data		Data
Catch For Reduction	1,450	1,450	1,450	1,450		145
Extr. Rate, 999.9999	0.	0.2103	0.	0.2103		2.1034
Beginning Stocks	25	25	15	15		15
Production	305	305	305	305		305
MY Imports	310	310	300	288		288
MY Imp. from U.S.	12	12	12	1		1
MY Imp. from EU	10	10	10	0		0
Total Supply	640	640	620	608		608
MY Exports	6	6	10	3		3
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	50	50	50	50		50
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	569	569	545	540		540

Total Dom. Cons.	619	619	595	590			590
Ending Stocks	15	15	15	15			15
Total Distribution	640	640	620	608			608
CY Imports	310	310	300	304			304
CY Imp. from U.S.	9	9	9	7			7
CY Exports	6	6	10	1			1
CY Exp. to U.S.	2	2	2	0			0
SME	894	894	860	853			853
TS=TD		0		0			0

Oil, Soybean Japan	2007		2008		2009		
	2007/2008		2008/2009		2009/2010		
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan	
		Data		Data		Data	
Crush	2,890	2,890	2,840	2,840		2,840	
Extr. Rate, 999.9999	0.	0.1827	0.	0.1908		0.1831	
Beginning Stocks	25	25	22	22		35	
Production	528	528	519	542		520	
MY Imports	42	42	45	42		42	
MY Imp. from U.S.	0	0	0	0		0	
MY Imp. from EU	0	0	0	0		0	
Total Supply	595	595	586	606		597	
MY Exports	0	0	0	0		0	
MY Exp. to EU	0	0	0	0		0	
Industrial Dom. Cons.	33	33	33	33		33	
Food Use Dom. Cons.	540	540	531	538		530	
Feed Waste Dom. Cons.	0	0	0	0		0	
Total Dom. Cons.	573	573	564	571		563	
Ending Stocks	22	22	22	35		34	
Total Distribution	595	595	586	606		597	
CY Imports	50	50	40	51		51	
CY Imp. from U.S.	0	0	0	10		10	
CY Exports	0	0	0	0		0	
CY Exp. to U.S.	0	0	0	0		0	
TS=TD		0		0		0	

Oil, Rapeseed Japan	2007		2008		2009		
	2007/2008		2008/2009		2009/2010		
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan	

		Data		Data			Data
Crush	2,245	2,245	2,350	2,350			2,350
Extr. Rate, 999.9999	0.	0.4018	0.	0.4047			0.4047
Beginning Stocks	38	38	31	31			54
Production	902	902	945	951			951
MY Imports	17	17	20	17			17
MY Imp. from U.S.	0	0	0	1			0
MY Imp. from EU	0	0	0	0			0
Total Supply	957	957	996	999			1,022
MY Exports	0	0	0	0			0
MY Exp. to EU	0	0	0	0			0
Industrial Dom. Cons.	50	50	55	55			60
Food Use Dom. Cons.	876	876	890	890			902
Feed Waste Dom. Cons.	0	0	0	0			0
Total Dom. Cons.	926	926	945	945			962
Ending Stocks	31	31	51	54			60
Total Distribution	957	957	996	999			1,022
CY Imports	16	16	16	22			22
CY Imp. from U.S.	0	0	0	1			1
CY Exports	0	0	0	0			0
CY Exp. to U.S.	0	0	0	0			0
TS=TD		0		0			0

Oil, Sunflowerseed Japan	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2007		Market Year Begin: Jun 2008		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan
		Data		Data		Data
Crush	0	0	0	0		0
Extr. Rate, 999.9999	0.	0.	0.	0.		0.
Beginning Stocks	5	5	5	5		5
Production	0	0	0	0		0
MY Imports	37	37	44	31		31
MY Imp. from U.S.	0	0	0	17		17
MY Imp. from EU	0	0	0	0		0
Total Supply	42	42	49	36		36
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	37	37	44	31		31
Feed Waste Dom. Cons.	0	0	0	0		0

Total Dom. Cons.	37	37	44	31			31
Ending Stocks	5	5	5	5			5
Total Distribution	42	42	49	36			36
CY Imports	37	37	37	31			31
CY Imp. from U.S.	0	0	0	0			0
CY Exports	0	0	0	0			0
CY Exp. to U.S.	0	0	0	0			0
TS=TD		0		0			0

Author Defined: Biotechnology

Japan has been importing biotech soybeans and canola since 1996. Japanese consumer groups, however, have expressed strong concerns about the safety of these agricultural products and the Japanese mass media has actively highlighted issues about their safety. In response to these concerns, MAFF introduced mandatory labeling requirements for 31 foods in which DNA or proteins of their biotechnology ingredients can be detected, such as tofu, natto, etc. On the other hand, food oils, including soybean and canola oils, are exempt from the biotech labeling scheme. Oil crushers therefore have the liberty of using biotechnology non-segregated soybeans, rapeseeds and cotton for crushing purposes. However, manufacturers of certain consumer-oriented foods not subject to the labeling, including soy sauce and beer using corn starch, purchase non-biotech ingredients so that they can label their products as non-biotech on a voluntary basis. That, plus the perception by retailers that consumers are wary of consuming biotech foods, has led to the practice of "identity-preserving" non-biotech soybeans for Japanese food soybean users. The combination of high commodity prices, decreasing availability of non-biotech soybeans, and believed non-acceptance of biotechnology in food put the Japanese soyfood industry in very difficult situation.

On the other hand, there have been small signs that the Japanese processed food industry might have started to accept biotech product as an ingredient. Nikkei Bio Annual Report 2009 from Nikkei Business Publication reported that Japanese major retailers changed from non-biotech ingredients to non-segregated ingredients and there was almost no difference in sales and no inquiry from consumers.

The approval and acceptance of second generation biotech crops, such as soybeans containing high oleic acid, omega-3-fatty acid and/or low linoleic acid would require close attention. Though, Japanese consumers in general have a high interest in health-oriented food, the effect of 'biotech' labeling or food derived from biotech crops on consumer acceptance is unknown.

As of April 2009, the GOJ had approved 97 biotechnology products for food, including 5 soybeans and 15 canola. While the GOJ has a functioning biotechnology regulatory system, the process is time consuming and somewhat unclear especially in terms of time frame of approval process. Stakeholders need to pay close attention to the approval process for the timely commercial release of newly developed events, because it is generally expected that prior to commercial release and production in the U.S. major importing countries, including Japan, will have approved those events.

For biotechnology information, please look at the latest Japan biotechnology information (<http://www.fas.usda.gov/scripts/AttacheRep/default.asp>).